

- » BOOST PERFORMANCE
- » REDUCE COST
- » INCREASE AGILITY
- » ENHANCE CRM
- » SHORTEN TIME TO MARKET
- » DRIVE INNOVATION
- » IMPROVE EFFICIENCY
- » INCREASE ADAPTIVITY
- » ENABLE BUSINESS TRANSPARENCY
- » ENSURE REGULATORY COMPLIANCE



Cross cultural cooperation

An Indian perspective



Paul Hollander

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Introduction

Cross cultural cooperation an Indian perspective

» **Paul Hollander**

- » Executive Business Consultant at Atos Consulting
- » 18 years experience in IT business
- » MS in business cultural anthropology
- » BS in electronics

» **Atos Consulting**

- » Is the international consultancy firm of Atos Origin
- » Independent, strategy consulting, change agent

» **VU Amsterdam**

- » Part time master of science study
- » Faculty Culture Organization and Management department of cultural anthropology
- » Research group on cross cultural cooperation

» **Research goal**

- » To gain knowledge about cross cultural cooperation in the IT offshore industry from a anthropologic perspective and to give feedback to Atos Origin on it's cross-cultural strategy.

Research

Cross cultural cooperation an Indian perspective

- » **Research question:**
 - » *Which cultural differences are experienced as important by Atos India and how do employees of Atos India experience the cross-cultural strategy applied by Atos Origin Europe?*

- » **Research field:**
 - » 4 weeks participant observations in Mumbai in **January 2007**
 - » 14 open interviews (Managers, Projectmanagers and members)
 - » Document research

- » **Research method:**
 - » Interpretative: Culture is treated as subjective.
 - Culture is holistic (everything is culture)
 - Culture is dynamic
 - Strategy change = Culture change
 - » Data collection: Research is performed with qualitative data collection methods.
 - » Design: Single case study
 - » Differentiation perspective: focus on us and then themes, subcultures.

Theory

What is offshoring ?

» Offshoring definition

- » To execute knowledge intensive labour in low-wage countries.
- » Not only work is transferred but also (production) process knowledge.

» Reasons for offshoring

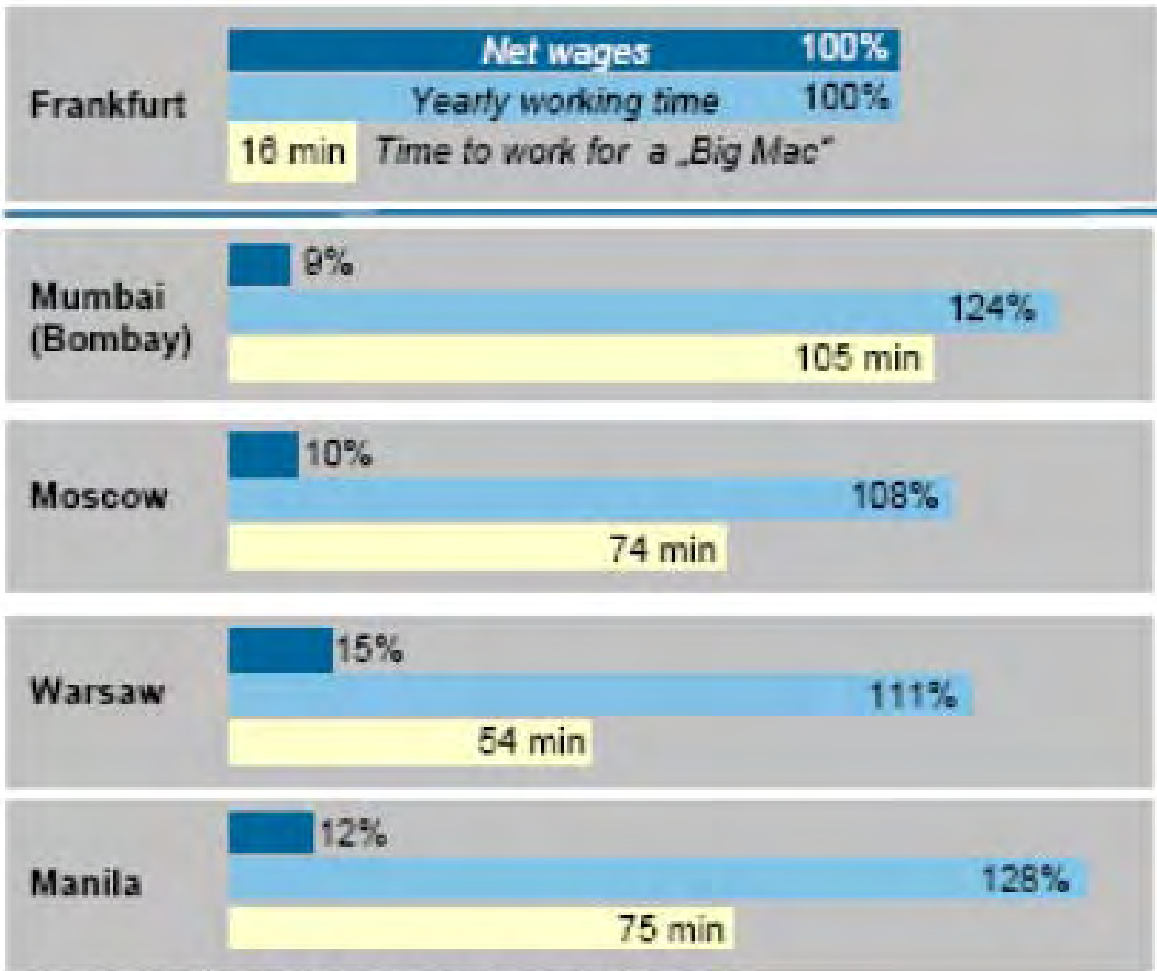
- » Cost, Quality, Availability of resources, Innovative processes

» Offshoring risks and challenges

- » Communication
 - Failures
 - Language
- » Coordination and Control
- » Cost savings
 - Extra transaction cost, traveling, translations etc.
- » Culture
 - Miscommunication due to national cultural differences.
 - Low productivity due to lower working ethics.
 - Lack of initiative.
 - Need for detailed specifications.
 - Colonial history

Theory

Offshoring risks and challenges



Source: UBS Study: Prices and Earning around the Globe, 2000

- The famous „Big Mac“ serves as an ideal benchmark product to highlight differences in the purchasing power.
- Although Indians only earn 9% of the wage of their German counterparts, they pay in time to receive the same value.
- The nature of IT reduces work mainly to brain effort, which is a time-bound good.

One of the biggest problems to solve in the offshore business is the different value of time.

Theory

Atos Origin Global Sourcing Locations

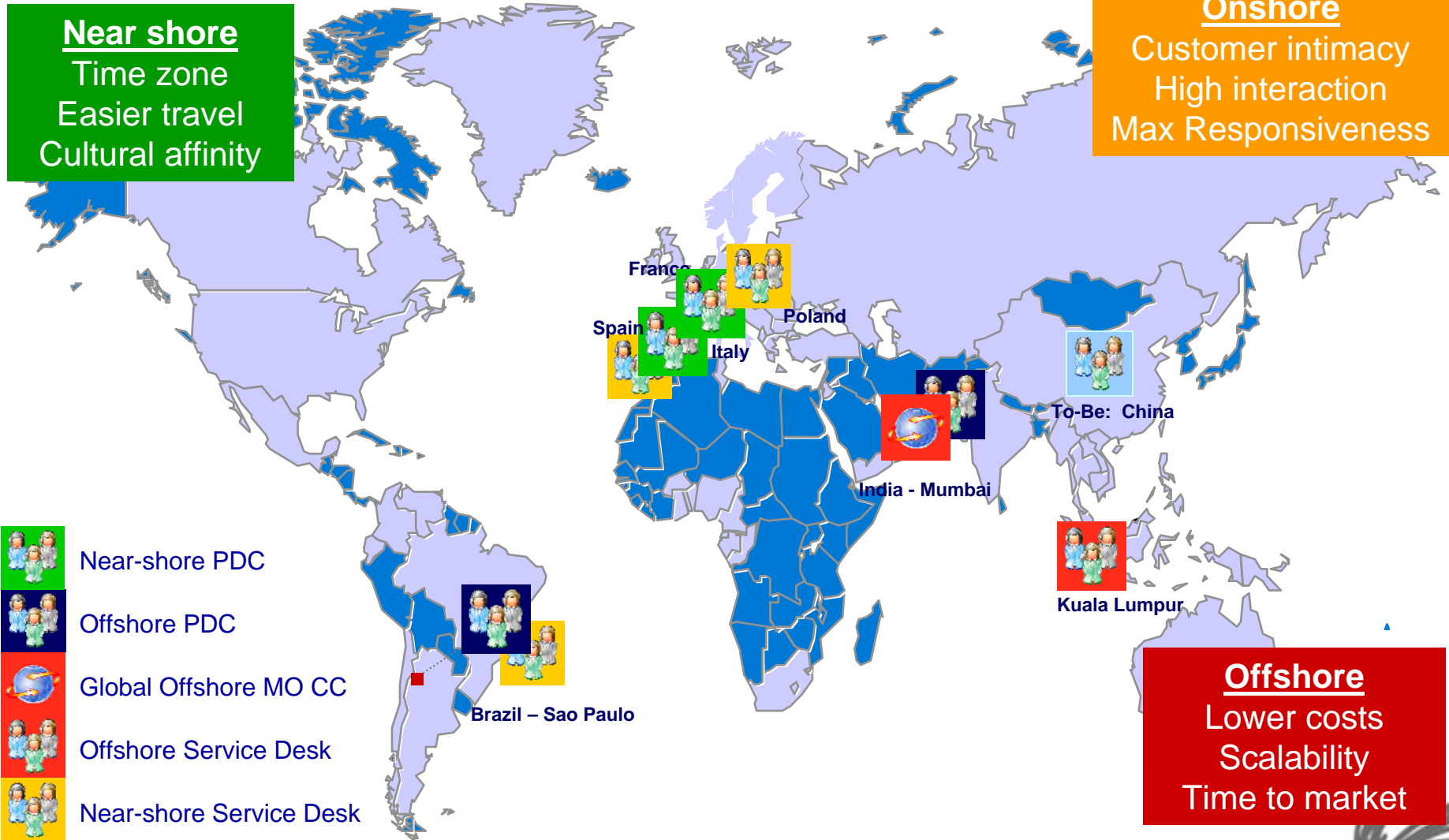
What is offshoring ? Responsiveness + Cultural Fit + Price Performance



Near shore
Time zone
Easier travel
Cultural affinity

Onshore
Customer intimacy
High interaction
Max Responsiveness

-  Near-shore PDC
-  Offshore PDC
-  Global Offshore MO CC
-  Offshore Service Desk
-  Near-shore Service Desk



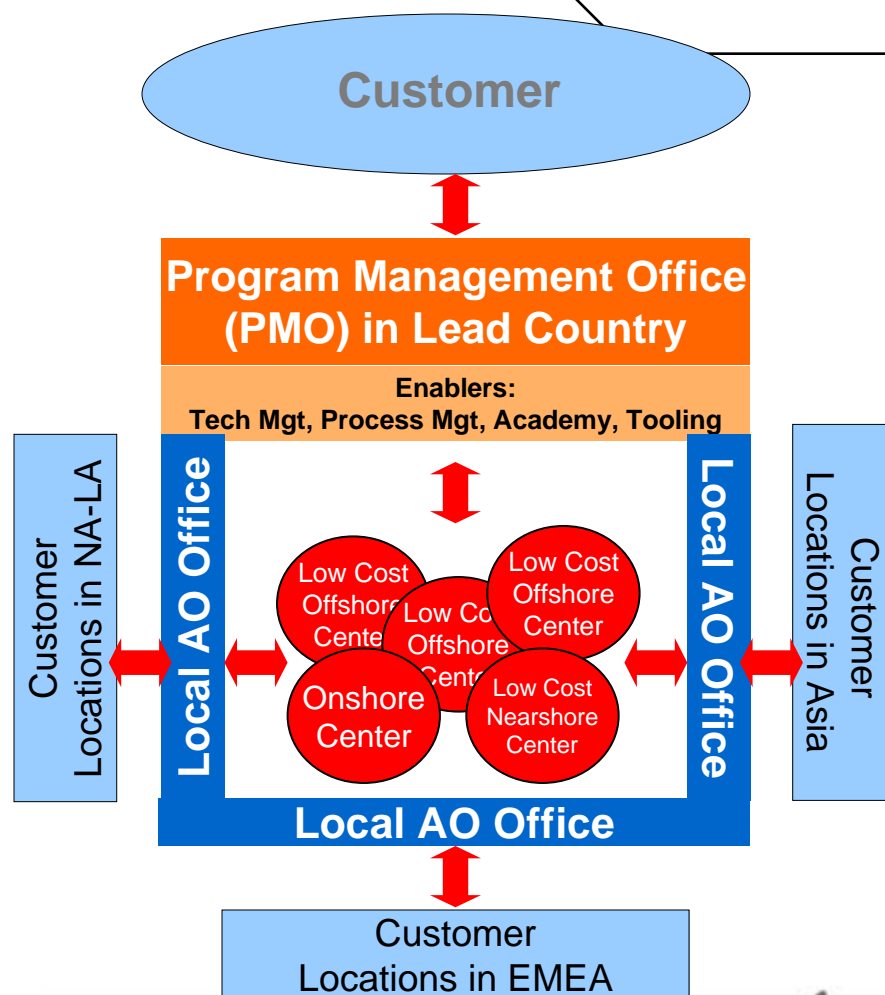
Offshore
Lower costs
Scalability
Time to market



Theory Global Sourcing Operational Governance

What is offshoring ?

- » Lead Country
 - » Customer relationship
 - » Contract ownership, P&L
- » Program Management Office (PMO)
 - » End-to-End service delivery
 - » Demand and supply mgmt
 - » Manages Front Office(s)
 - » Manages Sourcing Mix
- » Supply Countries
 - » Back Office, SLA with PMO
 - » P&L based on transfer price



Theory Transition Process

What is offshoring ?

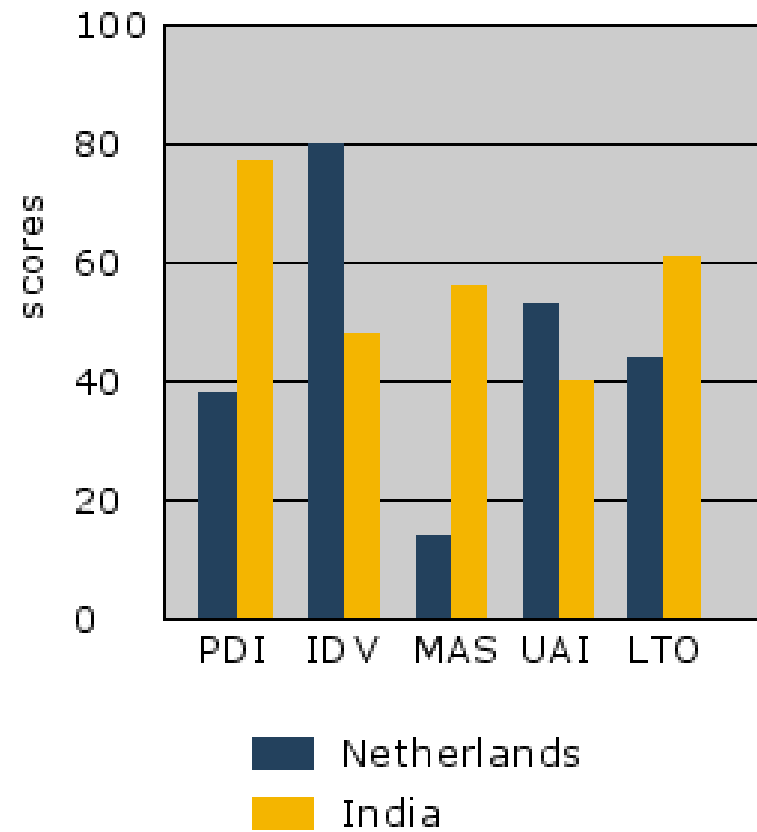
Phase 1 Kick off (Offshore)	Phase 2 Preparation (Offshore)	Phase 3 Discovery (Onshore)	Phase 4 Shadowing (On / Offshore)	Phase 5 Operation
<ul style="list-style-type: none"> »Transition BSC »Core team »Transition plan »Organization »Communication 	<ul style="list-style-type: none"> »Ramp up team »Travel papers »Pre-read documents »Reporting process & tools »Draft PLM »AOSN connectivity »Communication 	<ul style="list-style-type: none"> »Knowledge trf. »Establish baseline »Fine tune process & orgn. »Communication 	<ul style="list-style-type: none"> »Support activities »Development activities »Finalize <ul style="list-style-type: none"> »PLM »BSC »Evaluation »Communication 	<ul style="list-style-type: none"> »Delivery »Monitoring »Improvement »Review BSC »Communication
Go / No go	Weekly status	Weekly status Monthly steering	Weekly status Monthly steering	Monthly Review

Theory

Cross-cultural debate

- » Hofstede (1991)
 - » Power distance index
 - » Individualism
 - » Masculinity
 - » Uncertainty Avoidance Index
 - » Long-Term Orientation
- » Hall
 - » Communication
 - High context
 - Low context
 - » Time
 - Monochronic
 - Polychronic
- » Criticism on Hofstede
 - » Does not take diversity into account
 - » Speculative
 - » Stereo types
 - » Static model, drills down to:
 - “How to negotiate in India”

The 5D Model of professor Geert Hofstede



Theory

Cross-cultural strategies

- » **Ethnocentric strategy**
 - » One way of working
 - » Western management practice is applicable everywhere
 - » Dominance of home country
- » **Polycentric strategy** (local ethnocentric)
 - » Cultural diversity is accepted
 - » Local management executes local strategy
 - » Multinational approach
- » **Geocentric strategy**
 - » Combination of polycentric and ethnocentric
 - » Minimal global strategy in place aimed at synergy
 - » Cultural differences are negotiated
- » **Individual strategies**
 - » Groups can use national identity as a resource for demarcation
 - » Perceived cultural differences can be enhanced because of power differences
 - E.g. colonial history
 - Possible job loss













Findings

Cross-cultural aspects of India

» Vision on hierarchy and status

- » The organisation of AOI is more “flat” than expected
- » But there is also criticism especially from the more ambitious

*“I easily communicate with my project manager and service manager.”
(informant 3 project member)”*

“In Indian culture you always have to bend over to the manager you can not speak out. The politeness is always there.” (informant 1 project manager)

Findings

Cross-cultural aspects of India

» Vision on hierarchy and status

- » The Dutch hierarchy rules sometimes surprises the Indian...

*“An other thing is getting coffee. They get coffee for all. I really like that.”
(Informant 1 project manager)*

“One big difference I notice with people from Holland is that they can go to there boss and tell him anything. He can tell him that he is stupid. ... We are not brought up that way.” (Informant 4 project manager)

Findings

Cross-cultural aspects of India

» Vision on relations

- » Family ties in India are very close 80% – 90% of people live with their parents
- » Relations with customers are also considered important
- » Building a relations with colleagues who lose their (current) jobs can be difficult..
- » Language can be a sign of the quality of the relationship
- » Loyal management team

“Excellent I would say. First off all Robert took the liberty to take us around at NL. He showed us Rotterdam de Hague and Madurodam. Even Robert took us to a lot of other places even taking us from Utrecht to the Eindhoven office every day. “ (Informant 11 project manager)

“We had a lot of fun through MSN, he used some Hindi words and we Dutch (Informant 3 project member)“



Findings

Cross-cultural aspects of India

» Vision on time

- » Working hours in India can be extreme, but the European keep strict working times.
- » Being late for an appointment is not only an Indian habit...

“See that is we had a understanding of. To be on time and in time. This is a culture building in Europe. But over a period of time we realised that its not true. (laughing)..“(Informant 7 project manager)”

Findings

Cross-cultural aspects of India

» Vision on work ethics

- » Atos India is extremely focused on the customer
- » The Europeans don't focus so much on processes

“The culture over here is that we tend to get things done. Irrespective of the time and the effort it takes to do it. The main focus of Atos India is to make sure that customers are happy.” (Informant 2 service delivery manager)

Findings

Cross-cultural aspects of India

» Vision on conflicts

- » Proof is important in a discussion, preventing losing face
- » The focus in India is on the relation not on the issue
- » The European tend to put the blame more quickly
- » The French tend to escalate more quickly
- » With the Dutch you can work it out on the same level

“In India when we provide a technical solution we put a lot of effort in providing a proof of concept..” (Informant 1 project manager)

“Yes the style of negotiation is more subtle. That we are more of corporative kind of people. We try to incorporate a lot of things so that things move ahead. Instead of keeping it still. We don’t want to see things still we want to see things moving so.” (Informant 11 project manager)

Findings

Cross-cultural aspects of India

» Vision on language and communication

- » Not all Dutch and French employees are profound enough in English
- » Most communication by e-mail and telephone conference, no use of high-tech tools
- » Some Indians don't always appreciate the Dutch bluntness and others have no problems with it

“When they say something that is frank or blunt we take offence, we take it as insulting.... We immediately communicated this to all in the team. It is still not easy to get over that.” (Informant 4 project manager)

Findings

Formal cross-cultural strategy

» Formal cross-cultural strategy of Atos Origin (1-1-2007)

» Strategy

- All countries develop their strategies individually
- No strategic discussion on country level

» Control

- All countries are managed by local management
- Global management board focus on Europe
- All countries are managed as profit centres
- No use of expatriates to execute global strategy

» People

- No international management development

Findings

Formal cross-cultural strategy

Head count Jan 2007

Organization	Worldwide #	India #	%	Growth 2007	2009
IBM	350.000	50.000	14	20.000	100.000
Accenture	123.000	35.000	28	8.000	
Cap Gemini	60.000	12.000	20	2.000	
Atos Origin	50.000	1.600	3	500	5.000
Infosys	4.000	58.000		20.000	
TCS		54.000		50.000	
Wipro		66.000		7.000	

Findings

Experience with cross-cultural strategy

- » **Experience with cross-cultural strategy on organization level**
 - » Lack of an discussion about the offshoring strategy
 - » Lack of an aggressive offshoring strategy
 - » Relation with AO Europe is a client supplier relation

“More or less we are quite autonomous with a high level of delegation we can do what we want“

“Let me say the biggest discussion is on price and the smallest discussion is on how to win and to develop the customer.”

“Because till now, the European companies treat Atos India as a supplier they won’t develop a joint strategy...”

(Informant 6 country manager Atos Origin India)

Findings

Experience with cross-cultural strategy

- » **Experience with cross-cultural strategy on individual level**
 - » Frontoffice and backoffice have different objectives
 - » Problems in the solution development due to lack of early involvement India
 - » Projects with no frontoffice have easier knowledge transfer
 - » Growing confidence in Indian capability

“And the onshore team and the backoffice is not fully integrated. There are actually two different teams. So the onshore team treats the offshore team as a supplier. (Informant 6 country manager Atos Origin India)”

“We see the success of the Indian IT companies like Infosys, Satyam. How these company are placed in the IT service market in the world. That actually has given a boost in that we can actually achieve. (project manager)”

Conclusion

Cross-cultural strategy

» Applied cultural strategy:

» Atos Origin

- Polycentric
 - No (process for) central strategy
 - Sub-contractor relationships

» Accenture

- Globalcentric strategy / Polycentric strategy
 - Strategy depends on project
 - Mix of fat and thin frontoffices

» IBM

- Ethnocentric / Polycentric strategy
 - Dutch IBM management applies ethnocentric strategy
 - Some projects apply polycentric strategy (depends on experience pm)
 - Fat frontoffice / backoffice model

» Tier – 1 Indian companies

- Globalcentric strategy
- Very thin frontoffice at customer site



Conclusion

Consequence of cross-cultural strategy

- » **Consequence of polycentric strategy**
 - » Because of a lack of an aggressive offshoring strategy global customers go to Tier 1 Indian competitors.
 - » No joint strategy development process
 - Only discussion on project level on price
 - » Frontoffice and backoffice don't work as one team
 - Delays in knowledge transfer
 - Flaws in solutions
 - Hampers growth strategy in India
 - Extra cost because of 3 stage strategy
 - » Lack of international growth path for high performance Indian employees

Atos Origin 3o3 program

- » End 2007 Atos Origin announced a change of strategy
- » The 3o3 program to has the following goals
 - » Stronger global strategy
 - » Focus on offshoring
 - India
 - Brazil
 - Morocco
 - East Europe
 - » CMMI Level 3 for all development centers
 - » Standard internal processes finance, hrm etc.
 - » Sales focus

Main challenges

Main challenges with cross-cultural strategy

» Main challenges for European IT Providers

- » Avoid switching to ethnocentric strategy at every level of the organization
- » Stop treating India as a sub-contractor and start treating them as a partner
- » Be prepared to let them teach us industrialization (They have reached CMMI 5)

Questions



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